

EXHIBIT C

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Big Brown Owner Is Trying to Put Troubles Behind

By **JOE DRAPE**

Michael Iavarone, a co-owner of Big Brown, the Kentucky Derby and Preakness champion, rang the opening bell Wednesday at the New York Stock Exchange. He said it was the first time he had set foot in those hallowed halls of commerce, which might surprise some of his investors at International Equine Acquisitions Holdings, as well as the public at large.

On his company's Web site, ieah.com, Iavarone, 37, the company's co-president, is identified as a "high-profile investment banker on Wall Street." In the news articles and broadcasts that have accompanied Big Brown's bid to become the 12th Triple Crown winner, Iavarone has done nothing to discourage that image.

It also has been a fundamental selling point of I.E.A.H.'s plans to raise \$100 million for an equine hedge fund, from which the company would collect management and performance fees. Iavarone told The New York Times that he had worked for Goldman Sachs, the world's largest investment bank.

But he never worked for Goldman Sachs, and in fact was fined and suspended for making unauthorized trades at the A. R. Baron & Co. brokerage firm. Iavarone conceded Wednesday that his Wall Street career consisted of selling penny stocks at A. R. Baron and three other firms — Lloyd Wade Securities Inc., Maidstone Financial Inc. in New York City, and Joseph Dillon & Co. in Great Neck, N.Y.

"If I had gotten into why I couldn't talk about my past, it would have been misunderstood," said Iavarone, who was never charged with criminal actions. "I was a 22-year-old kid who didn't know what I was doing when I got censured. There were people who went to jail. I've learned my lesson and moved on from that life, and I don't know how the mistakes I made 15 years ago are relevant now."

In 1999, the National Association of Securities Dealers fined Iavarone \$7,500 and suspended him for 10 days for buying and selling \$22,000 in stock without the permission of his clients. His suspension was first reported online Wednesday by Bloomberg News.

Manhattan District Attorney Robert M. Morgenthau said that A. R. Baron used lies, unauthorized trades and theft to defraud investors of at least \$75 million from 1991 to 1996. The company and 13 former employees were eventually convicted or pleaded guilty. The next year, the company pleaded guilty to one count of enterprise corruption, and regulators shut it down.

Iavarone has been involved in other litigation, including a dispute over a bad check for \$20,000 written to the Showboat Hotel and Casino in Atlantic City in January 1999, which he eventually paid, according to court records.

"Someone took a marker out in my name," Iavarone said. "It wasn't me."

In 2003, the Keeneland Association of Lexington — home of the most prestigious horse sale in the country— won a \$554,156 judgment against him for not paying for horses he bought at auction, according to court records.

“I had an issue with the condition of my horses, and I refused to pay,” Iavarone said.

In 2004, the Internal Revenue Service put a \$130,000 lien against him for unpaid taxes.

Iavarone said that he subsequently paid all his debts. He also said that 90 percent of the more than 80 investors who have helped raise \$40 million for I.E.A.H. since its inception in 2003 were aware of his complete background.

“We have good people who have put up good money, and we have a great reputation and have had tremendous success,” Iavarone said. “The people who are with us have known me for years, and they know all about me. I’m not going to say I’m proud of my past.”

Iavarone said his plan for the \$100 million hedge fund remained on track. Each financial quarter, an independent auditor will assess the fund’s value, and investors will be able to decide to buy into the fund or sell their positions. The hedge fund model will supplant an arrangement in which partners will own a part of all I.E.A.H. assets, from its 80 horses in training to its 15 broodmares and its future stallions.

Iavarone has backed off his initial plan to make Big Brown a cornerstone of the fund. Before the Preakness, I.E.A.H. sold the colt’s breeding rights for more than \$50 million to Three Chimneys Farm in Midway, Ky.

“We had to lift it from the proposed fund because we have certain contractual obligations to Three Chimneys,” Iavarone said.

The hedge fund proposal remains in the draft stage. “When this document is done, everything will be in there,” Iavarone said. “Who I was, where I’ve been, and what I’ve done. I guess what I’m most disappointed about is that this whole Triple Crown run has been turned into me first and the horse second.”

Alain Delaqueriere contributed reporting.

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